

IRREVOCABLE LETTER OF CREDIT

No.: (filled in by bank)

Issuing Financial
Institution :
Address :
City, State, Zip Code:
Telephone No. :

Date Filed: (completed by BLM)

Date Issued

Gentlemen:

On behalf of (Name and address of the party requesting a financial institution to issue the Letter of Credit), as Obligor, we (Name of Financial Institution, hereafter referred to as "bank"), establish an irrevocable Letter of Credit in favor of the Bureau of Land Management (BLM) and agree to pay upon demand by and to the Department of the Interior-Bureau of Land Management (BLM), up to an aggregate amount of (Amount written out) Dollars (\$ in figures), upon receipt of a written demand therefor by an authorized officer of the BLM retaining the personal bond of the Obligor whose bond this Letter of Credit serves as security pursuant to 43 CFR Section 3104.1.

This Letter of Credit is effective (Date), and will expire (Date) at (specify either the close of business or midnight of a particular day), whichever is the acceptable practice of the bank). (Date, which must be at least 1 year from the effective date or the date the Letter of Credit is filed with BLM, whichever is later); however, this credit will automatically be extended for periods of (1 year or such longer periods as may be determined by the bank) from any such scheduled expiration date, as originally scheduled or as automatically extended by this provision, unless 90 days prior to such date, we notify the BLM office originally accepting this Letter of Credit, by Certified Mail--Return Receipt Requested, that we elect to not renew this Letter for such additional period.

Upon receipt by the BLM of such a notice from us not to renew this Letter, BLM may draw on us at sight for up to the amount of this Letter of Credit, prior to the expiration thereof, provided that such draft is accompanied by a statement signed by the BLM to the effect that no satisfactory replacement bond has been provided by the Obligor prior to 30 days before this Letter of Credit expires, pursuant to 43 CFR 3104.1(c) (5) (ii).

It is also understood that, at any time this Letter of Credit is in effect, the BLM may draw on this Letter of Credit for any amount, up to the full amount of this Letter, to cover any default in obligations covered by the bond, including but not limited to, rentals, royalties, and appropriate reclamation of lands associated with development of oil and gas in any Federal lease(s) to which the bond applies. Such drawing shall be accompanied by a statement signed by the BLM to the effect that the Obligor has been determined to be in default and the amount drawn represents the reasonable amount, as determined by BLM, of such default.

It shall not be required for the BLM, in order to draw on this Letter of Credit, to furnish the original Letter; however, it is understood, as a condition of any payment thereunder, that the face amount of the Letter shall automatically be reduced by any payment made by the bank and that the BLM will promptly surrender the original Letter of Credit when and if the bank shall tender to the BLM the full amount of funds represented by this Letter; such surrender to occur as soon as reasonably practical after full payment is made. The original Letter of Credit shall also be surrendered promptly following its expiration, provided that no drawing on such Letter was made prior to such expiration.

We promise that the amount of credit herein established will not be reduced for any reason during the effectiveness of this Letter of Credit without the prior written approval of the BLM. In the event that we, the bank, become unable to fulfill our obligations under this Letter of Credit for any reason, notice shall be given immediately to the Obligor and the BLM.

We acknowledge that we have received a copy of the personal bond secured by this Letter of Credit which the Obligor will file with the BLM. We understand that this Letter of Credit may be used, until it expires as a result of notice we give to the BLM, for all matters to which the bond applies. We also certify that the deposits of this bank are federally insured by (Specify the plan, e.g., FDIC).

ATTEST:
Title:

NAME OF FINANCIAL INSTITUTION

BY:
(Type in Name and Title of Officer)

NOTE: The Letter of Credit should bear the seal of the issuing bank if not executed on bank letterhead. The bank may complete an acknowledgement appropriate for the State in which the Letter of Credit is issued, but such an acknowledgement is **not** required by the BLM.